

1-1 By: Bonnen of Brazoria, et al. H.B. No. 32
 1-2 (Senate Sponsor - Nelson)
 1-3 (In the Senate - Received from the House April 30, 2015;
 1-4 May 6, 2015, read first time and referred to Committee on Finance;
 1-5 May 21, 2015, reported adversely, with favorable Committee
 1-6 Substitute by the following vote: Yeas 12, Nays 1; May 21, 2015,
 1-7 sent to printer.)

1-8 COMMITTEE VOTE

1-9	Yea	Nay	Absent	PNV
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17			X	
1-18	X			
1-19	X			
1-20	X			
1-21	X			
1-22		X		
1-23	X			
1-24			X	

1-25 COMMITTEE SUBSTITUTE FOR H.B. No. 32 By: Nelson

1-26 A BILL TO BE ENTITLED
 1-27 AN ACT

1-28 relating to the computation and rates of the franchise tax;
 1-29 decreasing tax rates.

1-30 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-31 SECTION 1. (a) TITLE. This Act shall be known as the
 1-32 Franchise Tax Repeal Act of 2015.

1-33 (b) PURPOSE AND FINDINGS. The legislature finds that the
 1-34 tax imposed by Texas Tax Code Chapter 171 has not provided
 1-35 sufficient reliability for property tax relief. It is the intent of
 1-36 the legislature to promote economic growth by repealing the
 1-37 franchise tax.

1-38 SECTION 2. Sections 171.002(a) and (b), Tax Code, are
 1-39 amended to read as follows:

1-40 (a) Subject to Sections 171.003 and 171.1016 and except as
 1-41 provided by Subsection (b), the rate of the franchise tax is 0.75
 1-42 ~~one~~ percent of taxable margin.

1-43 (b) Subject to Sections 171.003 and 171.1016, the rate of
 1-44 the franchise tax is 0.375 ~~0.5~~ percent of taxable margin for those
 1-45 taxable entities primarily engaged in retail or wholesale trade.

1-46 SECTION 3. Sections 171.1016(a) and (b), Tax Code, are
 1-47 amended to read as follows:

1-48 (a) Notwithstanding any other provision of this chapter, a
 1-49 taxable entity whose total revenue from its entire business is not
 1-50 more than \$20 ~~\$10~~ million may elect to pay the tax imposed under
 1-51 this chapter in the amount computed and at the rate provided by this
 1-52 section rather than in the amount computed and at the tax rate
 1-53 provided by Section 171.002.

1-54 (b) The amount of the tax for which a taxable entity that
 1-55 elects to pay the tax as provided by this section is liable is
 1-56 computed by:

1-57 (1) determining the taxable entity's total revenue
 1-58 from its entire business, as determined under Section 171.1011;

1-59 (2) apportioning the amount computed under
 1-60 Subdivision (1) to this state, as provided by Section 171.106, to

2-1 determine the taxable entity's apportioned total revenue; and
2-2 (3) multiplying the amount computed under Subdivision
2-3 (2) by the rate of 0.331 [~~0.575~~] percent.

2-4 SECTION 4. This Act applies only to a report originally due
2-5 on or after the effective date of this Act.

2-6 SECTION 5. The comptroller of public accounts shall conduct
2-7 a comprehensive study, no later than September 30th, 2016, to
2-8 identify the effects of economic growth on future state revenues.
2-9 The results of the study shall be reported to the governor and the
2-10 Legislative Budget Board. The report should identify revenue
2-11 growth allocation options to promote efficiency and sustainability
2-12 in meeting the revenue needs of this state, including revenues
2-13 allocated by Tax Code 171.4011, upon repeal of the franchise tax.

2-14 SECTION 6. This Act takes effect January 1, 2016.

2-15

* * * * *